Department of Finance

News Release

Immediate release

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Federal Government Moves to Strengthen Canada's Tax Advantage and Protect the Fiscal Framework

The Honourable Jim Flaherty, Minister of Finance, today tabled in the House of Commons a Notice of Ways and Means Motion to implement Budget 2008 tax measures. The Notice also includes provisions to protect the Government's fiscal plan from the effects of Bill C-253.

"Budget 2008 is a plan that is prudent, focused and responsible in this period of economic uncertainty," said Minister Flaherty. "Now, having received approval of the House of Commons for the budget framework, we are presented with a Private Member's bill that risks plunging the federal government back into deficit. Our government told Canadians we would maintain a balanced budget and we intend to keep our word."

Included in the Notice is the Government's proposed Tax-Free Savings Account. This is the single most important personal savings vehicle since the introduction of Registered Retirement Saving Plans in the 1950s. Minister Flaherty urged quick passage of the legislation to ensure that Canadians can benefit from this historic measure beginning in 2009.

"The Tax-Free Savings Account will provide Canadians with a powerful incentive to save," said Minister Flaherty. "This flexible, registered, general purpose account will allow Canadians to watch their savings grow tax-free. It is the first account of its kind in Canadian history."

Other Budget 2008 proposed tax measures in the Notice include:

- Enhancing the flexibility of Registered Education Savings Plans by increasing by 10 years the time they may remain open and accept contributions, effective for the 2008 tax year.
- Increasing the residency component of the Northern Residents Deduction by 10 per cent, effective for the 2008 tax year.
- Extending eligibility for the Medical Expense Tax Credit to certain devices, effective for the 2008 tax year.

- Extending the Mineral Exploration Tax Credit by one year.
- Extending the capital gains tax exemption for certain donations of listed securities to certain exchangeable shares and partnership interests, for donations made on or after February 26, 2008.
- Adjusting the rate of the Dividend Tax Credit to reflect corporate income tax reductions, beginning in 2010.
- Increasing the benefits available to small and medium-sized businesses under the Scientific Research and Experimental Development Program, generally effective for taxation years that end on or after February 26, 2008.
- Amending the penalty for failure to remit source deductions when due and excusing early remittances from the financial institution remittance rules, effective for remittances on or after February 26, 2008.
- Reducing the paper burden associated with dispositions by non-residents of certain treaty-protected property, effective for dispositions that occur after 2008.
- Ensuring that the tax incentive for donations of medicines benefits recipients in developing countries to the greatest extent possible.
- Modifying the provincial component of the Specified Investment Flow-Through tax to better reflect actual provincial tax rates, generally effective for the 2009 tax year.
- Amending the Excise Act, the Excise Act 2001, and the Customs Tariff to improve tobacco tax enforcement and compliance, adjusting excise duties on tobacco sticks and tobacco for duty-free markets, and equalizing the excise treatment of imitation spirits and other spirits.
- Implementing Goods and Services Tax/Harmonized Sales Tax (GST/HST) measures proposed or referenced in the budget, such as:
  - Expanding the list of exemptions for basic health and education services.
  - Exempting all nursing services rendered within a nurse-patient relationship.
  - Ensuring a variety of professional health services maintain their GST/HST-exempt status.
  - Relieving GST/HST on most lease payments for land on which wind and solar power equipment used to generate electricity is situated.

Legislation to implement the remaining Budget 2008 tax proposals is being developed for introduction at a later time.

The Notice can be viewed free of charge on the Department of Finance website. Printed copies can be purchased for $10 from the Department of Finance Distribution Centre at 613-995-2855.

Further information on Budget 2008 is available on the Department of Finance website.

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